

SUMMARY ANALYSIS OF AMENDED BILL

Author: DeVore/Walters Analyst: Raul Guzman Bill Number: AB 249
 Related Bills: See Prior Analysis Telephone: 845-4624 Amended Date: June 20, 2005
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: To Conduct a Study Regarding Taxpayers' Usage of Tax Form 540 2EZ

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced _____.

FURTHER AMENDMENTS NECESSARY.

☒ DEPARTMENT POSITION CHANGED TO Pending.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED/AMENDED
 _____ STILL APPLIES.

☒ OTHER – See comments below.

SUMMARY

This bill would require the Legislative Analyst's Office (LAO), in combination with the Franchise Tax Board (FTB), to conduct a study regarding Form 540 2EZ.

SUMMARY OF AMENDMENTS

The June 20, 2005, amendment would require LAO to conduct a study regarding taxpayers' usage of Form 540 2EZ. The FTB would assist LAO by providing information needed by LAO to complete the Form 540 2EZ usage study.

The prior provisions that would have expanded the "total income" on Form 540 2EZ to include capital gains from mutual funds were removed. As a result of the amendment, a new "This Bill" portion of the analysis is included below. The department's implementation, technical, and policy concerns as addressed in the prior analysis no longer apply.

POSITION

Pending.

Board Position:

_____ S _____ NA _____ NP
 _____ SA _____ O _____ NAR
 _____ N _____ OUA _____ X PENDING

Legislative Director

Date

Brian Putler

6/24/05

THIS BILL

This bill would require the LAO in combination with FTB to conduct a study regarding taxpayers' usage of Form 540 2EZ. The study would include, but not be limited to, the following:

- The methods by which taxpayers become aware of Form 540 2EZ, and the number of taxpayers who use Form 540 2EZ, as compared to the number of taxpayers eligible to use it.
- The percentage of taxpayers eligible to use Form 540 2EZ who use a professional tax preparer.
- Percentage of returns, prepared by professional tax preparers, that are filed on Form 540 2EZ.
- An analysis of e-filing of Form 540 2EZ, including the ability to print and mail the form in a PDF format instead of filing it electronically.
- The number of taxpayers who would be eligible to use Form 540 2EZ if the restriction on capital gains were removed.
- How to increase taxpayer compliance and simplify tax filing.
- The increased availability of fillable and calculable income tax forms and schedules on FTB's website.
- Number of additional filers who used the Form 540 2EZ due to Section 19582.5 of the Revenue and Taxation Code.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not significantly impact the department's programs and operations

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